

TVA Fact Sheet

CORPORATE OVERVIEW

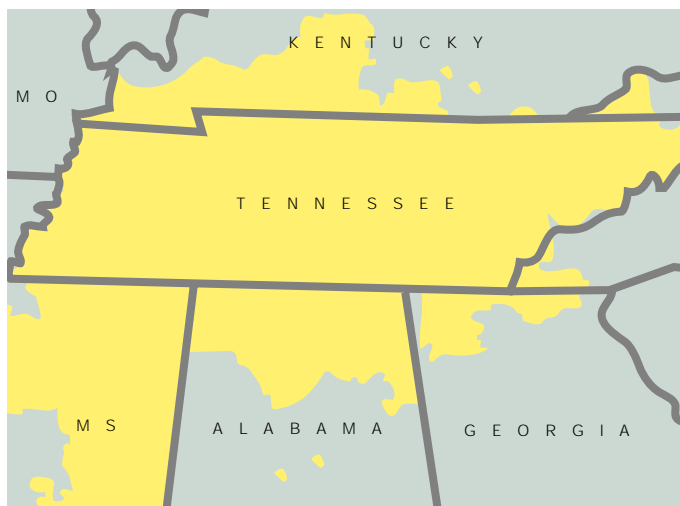
TVA, a U.S. Government-owned corporation, is the nation's largest power producer. TVA operates and maintains 28,123 megawatts of generating capacity and 17,000 miles of transmission line. TVA supplies the energy needs of nearly 8 million people over a power service area covering 80,000 square miles, including most of Tennessee and parts of Mississippi, Alabama, Georgia, North Carolina, Virginia, and Kentucky. No U.S. tax dollars support the TVA power system. TVA receives \$106 million of federal funds for management of non-power programs for the U.S. Government.



QUICK FACTS

NYSE Symbol:	TVA (Tn Vly QIDS 45) TVB (Tn Vly QIDS 46)
Total Revenue:	\$5.7 Billion
Total Assets:	\$34 Billion
Fiscal Year:	September 30
Ownership:	United States Government
Charter:	TVA Act - 1933
Chairman:	Craven Crowell
Employees:	15,500
Geographic Area:	Southeastern United States
Core Businesses:	Electricity Generation Electricity Transmission
Operations:	11 Fossil Plants (59 Units) 3 Nuclear Plants (5 Units) 29 Hydro Plants (109 Units) 4 Combustion Turbine Plants (48 Units) 1 Pumped Storage Plant (4 Units) 17,000 Miles of Transmission Line
Average Wholesale Price:	4¢ kWh 1997 is TVA's tenth year without a price increase
Wholesale Customers:	160 Municipal and Cooperative Distributors
Retail Customers:	67 Large Industrial and Federal Accounts
Consumers:	8 million

TVA Service Area



Dividend Policy:

TVA has paid the United States Government, its owner, an uninterrupted cash dividend since 1959 as a market rate of interest return on the government's initial appropriation investment in TVA power facilities. In addition, TVA has reduced the Government's initial \$1.4 billion appropriation investment by \$20 million annually. The 1996 combined payment to the U.S. Treasury was \$63 million. Payments to the U.S. Treasury since 1959 have exceeded \$3.1 billion.

Earnings Objective:

Consistent with its Federal Charter, TVA's objective is to deliver a reliable supply of power to its customers "at the lowest possible rates" as required by Congress in the TVA Act, so it operates much like a non-profit corporation. TVA also is required by statute and bond resolutions to achieve certain levels of earnings for the protection of its investors.

Financial Highlights

	(millions)	
	1996	1995
Operating Revenues	\$ 5,693	\$ 5,375
Operating Expenses	(3,656)	(3,448)
Operating Income	2,037	1,927
Other Expenses, Net	(10)	(91)
Interest Expense	(1,966)	(1,826)
Net Income	\$ <u>61</u>	\$ <u>10</u>
Total Assets	\$34,029	\$33,293
Capitalization		
Long-Term Debt	\$25,570	\$23,889
Proprietary Capital	<u>4,028</u>	<u>4,030</u>
Total Capitalization	\$ <u>29,598</u>	\$ <u>27,919</u>

CORE BUSINESS CHARACTERISTICS

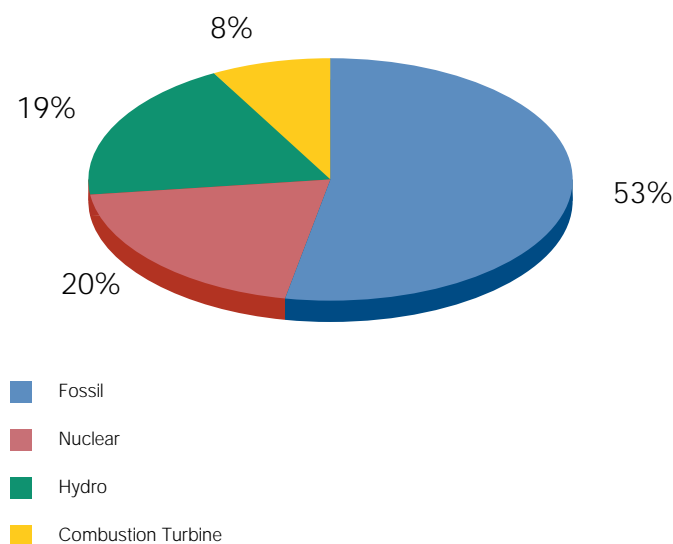
Winter Net Dependable Generating Capacity*

Fuel Type	Number of Plants	Number of Units	MW
Fossil	11	59	15,012
Nuclear	3	5	5,545
Hydro**	30	113	5,298
Combustion Turbines	4	48	2,268
Total	48	225	28,123

*TVA achieved an all-time system peak demand of 26,670 MW on January 17, 1997.

**Includes pumped storage

Generation Mix by Fuel Type



Transmission System

- 17,000 miles of transmission line
- Strategic interconnections with surrounding utilities
- Well-positioned geographically to be a conduit for power transfers
- Strong system reliability as measured by the number of transmission line interruptions
- 11% decrease in the number of transmission line interruptions from 1995 to 1996

TVA Power Exchange Agreements

Appalachian Power Company

Carolina Power & Light Company

Central Illinois Public Service Company

Cincinnati Gas & Electric Company

East Kentucky Power Cooperative

Electric Energy, Incorporated

Entergy Power, Incorporated

Illinois Power Company

Kentucky Utilities Company

Louisville Gas & Electric Company

Mississippi Power & Light Company

Nantahala Power and Light Company

Southern Company

Tapoco, Inc.

Union Electric Company

Wholesale Customers

- Power distributors (110 municipal and 50 cooperative)
- 89% of TVA's revenues and 83% of kWh sales
- 6% growth in energy sales to distributors in 1996
- Long-term contracts currently in place with 158, including the five largest

Top Five Power Distributors

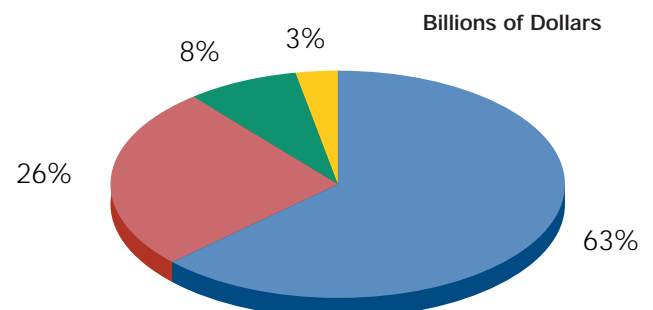
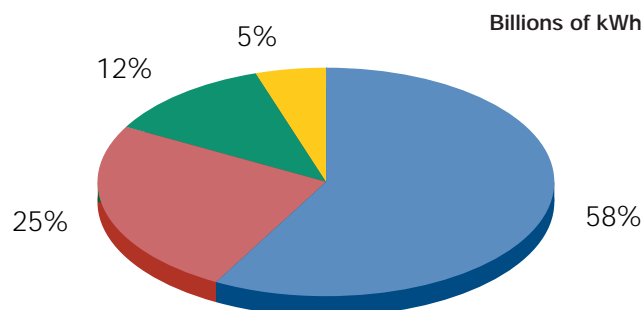
	Billion KWH	% of Total Sales
Memphis Light Gas and Water	13.2	9.4%
Nashville Electric Service	11.6	8.3%
Chattanooga Electric Power Board	5.9	4.2%
Knoxville Utilities Board	5.4	3.8%
Huntsville Utilities Board	4.3	3.0%

Retail Customers

- 67 Industrial Companies and Federal Agencies
- 11% of TVA's revenues (Industries + Federal) and 17% of kWh sales
- Attracted to the TVA Service Area by TVA's low electricity prices
- Strong driver of economic growth in the Valley
- Solid mix of industry, including paper, chemicals, automotive, and textiles

CUSTOMER CHARACTERISTICS

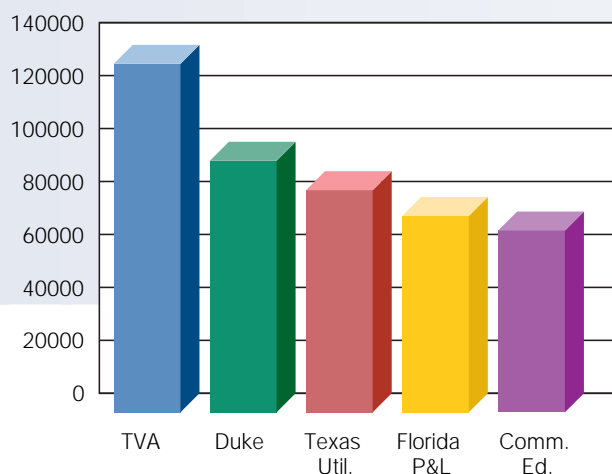
Sales of Electricity by Customer Mix



COMPETITIVE CHARACTERISTICS

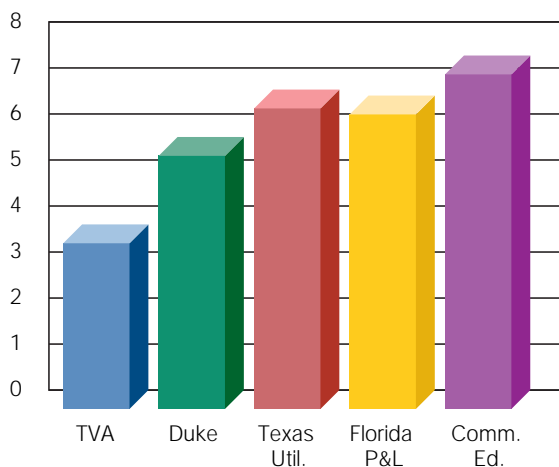
- Nation's largest power producer
- Second lowest production cost among nation's top 50 utilities
- Average wholesale price of 4¢ per kWh
- Nominal average selling price declined 15% from 1987 to 1996
- Real price of TVA electricity has declined by 40% over the last ten years
- Reduced headcount by more than 50% since 1988

Top 5 Generating Utilities in 1995 (Total GWh)



According to *Electric Light & Power*, October 1996

Cost* Comparison of Top 5 Generators (cents per kWh)

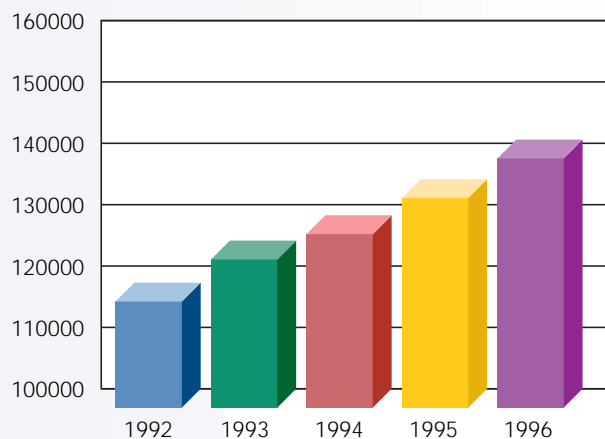


According to *Electric Light & Power*, October 1996

*Total Electric Service Cost, Table 4

Electricity Sales Growth* (millions of kWh)

4.7% Average Annual Growth



*Excludes interchange purchases and sales transactions with other utilities

For more information, please contact:

Sylvia H. (Sissy) Caldwell
 Manager, Investor Relations
 Tennessee Valley Authority
 400 West Summit Hill Drive
 Knoxville, Tennessee 37902
 Phone: 423-632-8073
 Fax: 423-632-6673
 E-mail address: shcaldwell@tva.gov